May 7, 2020

Hospitals and Health Systems Face Unprecedented Financial Pressures

A new report released on May 5, 2020 by the American Hospital Association projects that the nation’s hospitals will book $202.6 billion in losses through the end of June due to the coronavirus pandemic.

“America’s hospitals and health systems have stepped up in heroic and unprecedented ways to meet the challenges caused by COVID-19. However, the fight against this virus has created the greatest financial crisis in history for hospitals and health systems,” AHA president and CEO Rick Pollack said in comments accompanying the report. The report looked at the total financial impact on hospitals and health systems revenues from March 1 through June 30, including the costs of COVID-19 hospitalizations, the effect of canceled elective services due to COVID-19 on hospital revenue, and the additional costs for buying personal protective equipment. Some hospitals are incurring additional costs by providing childcare, housing, and transportation for frontline workers.

“While we appreciate the support and resources from Congress and the Administration, many hospitals are still on the brink,”

Key Takeaways

The report comes as the AHA presses Congress and the Trump administration for another round of bailouts. AHA may be lowballing the losses because it does not factor in other pandemic related costs, such as increases in drug and labor costs. The report also estimates losses only through June 30, and it’s not clear when the nation will return to some sense of normalcy.
Pollack said. “We need further support and resources to ensure that we can continue to deliver the critical care that our patients and communities are depending on while also ensuring that we are prepared for the continuing challenges we face from this pandemic as well as other potential emergencies.” AHA said the report may be lowballing the losses because it does not factor in other pandemic-related costs, such as increases in drug and labor costs. The report also estimates losses only through June 30, and it’s not clear when the nation will return to some sense of normalcy.